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Health Care Financing Trends

March 1982

Information through December 1981 on:

- National Health Expenditures
- Community Hospital Statistics
- Health Care Prices
- Employment, Hours, and Earnings of Health Workers
- National Economic Indicators

Published by the Health Care Financing Administration

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Health Care Financing Trends

The Health Care Financing Administration (HCFA) was established to combine health financing and quality assurance programs into a single agency. HCFA is responsible for the Medicare program, Federal participation in the Medicaid program, the Professional Standards Review Organization program, and a variety of other health care quality assurance programs. The mission of the Health Care Financing Administration is to administer the Medicare and Medicaid programs and related provisions of the Social Security Act in a manner which promotes the timely and economic delivery of appropriate quality health care to eligible beneficiaries.

The Bureau of Data Management and Strategy (BDMS) operates HCFA's statistical data systems containing the Medicare and Medicaid program information necessary to manage the agency. BDMS develops and coordinates statistical and information policy; directs the actuarial program for HCFA; develops methods for economic analysis of health care financing issues; and coordinates the development of HCFA's information policy as it relates to long-range information plans with nonfederal segments of the health care industry.

Trends is a quarterly publication containing tables and analyses highlighting economic developments in the health care sector. Recent data are presented on:

- national health expenditures, by type of service and source of funds;
- community hospital operating statistics;
- health-related price indexes and price inflation;
- employment, hours, and earnings of health workers; and
- a variety of national economic indicators.

Health Care Financing Trends

March 1982

Volume 2, Number 5

Compiled by

Daniel R. Waldo, Division of National Cost Estimates

Published by

Health Care Financing Administration

Bureau of Data Management and Strategy

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Section A. National Health Expenditures and Related Measures[1/]

Growth of health expenditures levelled off through the twelve-month period ending September 1981. Health expenditures during the Federal fiscal year 1981 are estimated to have been $275 billion, 14.9 percent higher than in the previous fiscal year, consistent with the trends shown through the twelve months ending in June 1981 (Table A-1 and Figure 1). Since the national economy continued to behave sluggishly, growing only 1.7 percent in the September fiscal year after adjustment for inflation, health expenditures increased as a percentage of the Gross National Product, to 9.6 percent in the September fiscal year. Revised estimates for the year ending in March show national health expenditures equal to $257 billion, up 15.2 percent from the previous period. New estimates for the June fiscal year put national health expenditures at $265 billion, an increase of 15.0 percent from the year ending June 1980.

Increasing growth of personal health care expenditures was moderated by slowing growth of other components of national health expenditures. Growth of prepayment and administrative expenses slowed to 1.8 percent in the year ending September, principally because of an estimated decline in prepayment -- the difference between premiums earned and claims incurred by private health insurers. Preliminary figures for research and for government public health activity show slower increases than did data for previous years, probably because of reductions in Federal spending. On the other hand, construction of medical facilities grew very rapidly, reaching a rate of 20 percent for the year ending September, a period when other nonresidential construction increased less than five percent (Figure 2).

An estimated $235 billion was spent for the direct provision of care in the year ending June, an increase of 15.6 percent from the previous year (Table A-1); in the year ending September, personal health care expenditures reached $243 billion, up 15.7 percent.

The major source of increase was spending for institutional care (Figure 1). Expenditures for hospital care rose 17.0 percent in the year ending September, to a level of $112 billion. Spending for nursing home care rose 16.5 percent, to a level of $23 billion.

Expenditures for professional services increased 15.5 percent. Growth of spending for physicians' services increased, compared to calendar year 1980, while the rate of growth of spending on dental care slowed.

All other personal health care spending increased 11.7 percent from 1980 levels.

1/ These estimates of health care spending have been compiled by staff members of the Bureau of Data Management and Strategy and are comparable to estimates of calendar-year spending published in the **Health Care Financing Review** (Gibson and Waldo, 1981). Although the estimates are based on the latest data available, they should be regarded as preliminary. National health expenditures for 1981 are not available at this time, but will be published later this year in the **Review.**

Of the $243 billion spent for personal health care in the year ending September, $97 billion came from public funds (Table A-2). The Federal government, mostly through Medicare and its share of Medicaid, paid a total of $71 billion, while State and local governments paid $26 billion, principally in the States' share of Medicaid. The data imply an expenditure of $1,043 per person (including $414 of public money) for personal health care in the year ending September (Table A-3). About $481 was spent per capita for hospital care and $224 for physicians' services, the largest two spending categories.

The data for years ending March, June, and September 1981 appear to show little change in the composition of funds used to finance personal health care spending, compared to calendar year 1980; the Federal government paid for 29.1 percent of such spending in the year ending September, and State and local governments paid another 10.6 percent (Table A-4). The public share of spending for goods and services other than hospital care remained roughly unchanged at a little more than one quarter of the total, and the public share of spending for hospital care remained at just over one-half in the 1981 Federal fiscal year.

Sixty percent of total spending for personal health care -- $147 billion -- was paid by private health insurers, philanthropy and industry, and consumers.

About three quarters of the increase in personal health expenditures during the September 1981 fiscal year was due to price inflation (Table A-5), while total population growth accounted for some 7 percent. The remainder, a fifth of the total, was due to changes in the types of care consumed and in the mix of goods and services used to provide that care. Health care prices, as measured in the personal health care fixed-weight price index, were 11.2 percent higher in the year ending September than in the previous year, a rate of inflation 1.7 percentage points higher than economy-wide inflation and 0.1 percentage point higher than growth in the average Consumer Price Index for all items (cf. Sections C and E). Spending for hospital care increased 4½ percent after adjustment for inflation, reflecting high (although slowing) rates of growth in hospital use (cf. Section B). Price-adjusted nursing home expenditures continued to grow at high but declining rates as well.

For further details on national health expenditures through calendar year 1980, see Gibson and Waldo.

FIGURE 1

Components of National Health Expenditures, and the GNP: Year-to-Year Percentage Change in Twelve-Month Moving Averages

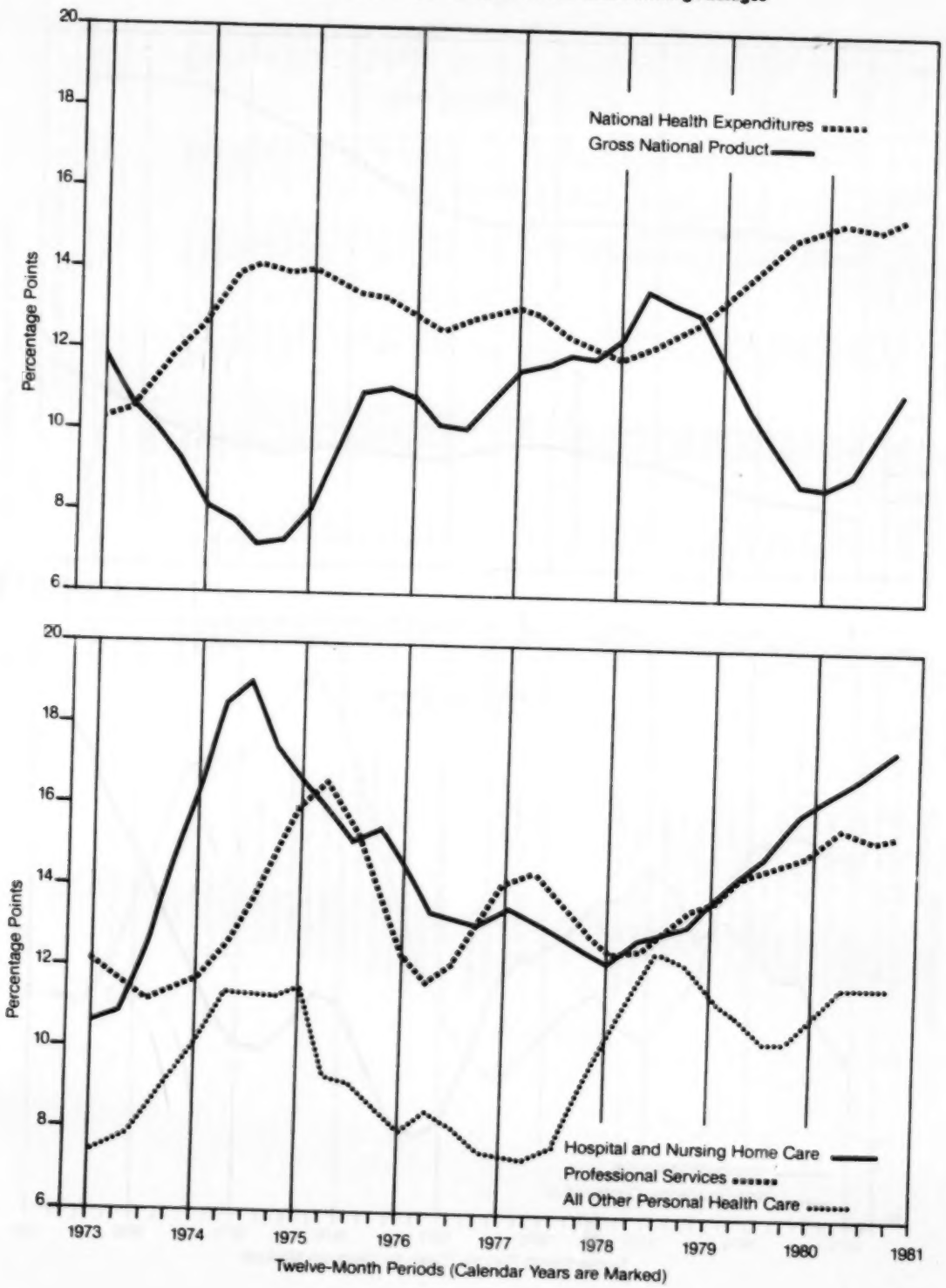

Chart shows data through September 1981 fiscal year.

FIGURE 2

Value of New Construction Put in Place:
Twelve-Month Moving Sums

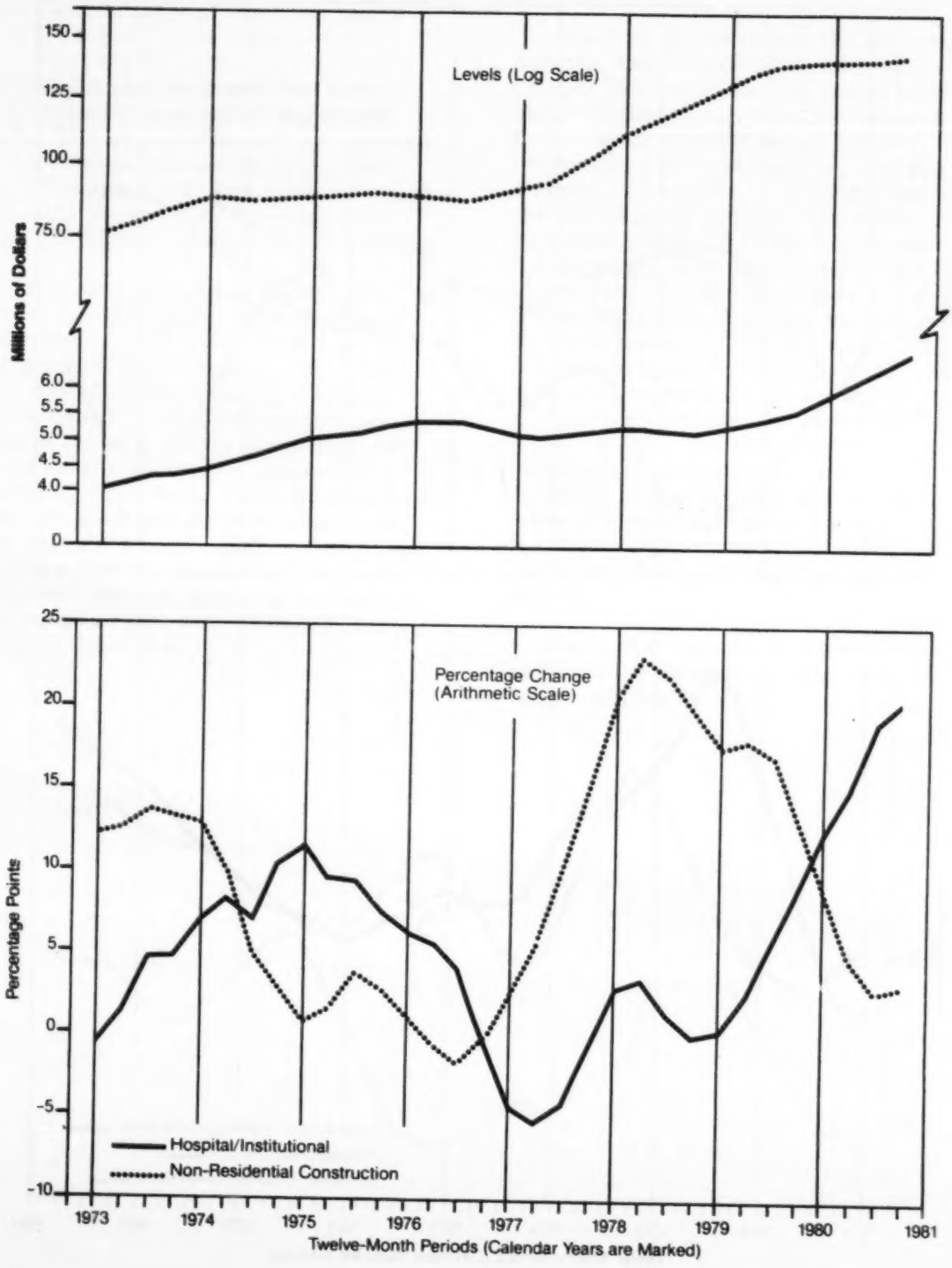

Chart shows data through September 1981 fiscal year.

Table A-1. National Health Expenditures, By Type of Expenditure

	Twelve-month Period Ending							
	December				March	June	September	December
	1977	1978	1979	1980	1981	1981	1981	1981
Amount (Billions)								
Total	$169.2	$189.3	$214.6	$247.2	$256.5	$265.2	$274.8	n.a.
Health Services and Supplies	160.1	179.5	204.3	235.6	244.5	252.8	262.1	
Personal Health Care	148.7	166.7	189.1	217.9	226.6	234.6	243.4	
Hospital Care	67.8	75.7	85.7	99.6	103.7	107.7	112.2	
Professional Services	46.0	51.7	58.9	67.9	70.6	72.9	75.6	
Physicians' Services	31.9	35.8	40.7	46.6	48.7	50.3	52.2	
Dentists' Services	10.5	11.8	13.5	15.9	16.3	16.8	17.4	
Other Professional Services	3.6	4.1	4.7	5.4	5.7	5.8	6.0	
Drugs and Drug Sundries	14.1	15.4	17.2	19.2	19.8	20.3	20.8	
Eyeglasses and Appliances	3.7	4.1	4.6	5.1	5.4	5.6	5.7	
Nursing Home Care	13.2	15.2	17.8	20.7	21.6	22.4	23.2	
Other Personal Health Care	4.1	4.5	5.0	5.4	5.5	5.6	5.8	
Prepayment and/or Administration	7.1	7.5	8.9	10.4	10.4	10.5	10.7	
Government Public Health Activity	4.3	5.3	6.4	7.3	7.5	7.8	8.0	
Research and Construction	9.2	9.8	10.3	11.6	12.0	12.4	12.7	
Research	3.9	4.4	4.8	5.4	5.5	5.6	5.6	
Construction of Medical Facilities	5.3	5.3	5.4	6.1	6.4	6.8	7.1	
Addenda:								
Gross National Product (GNP)	$1,918.0	$2,156.1	$2,413.9	$2,626.1	$2,696.4	$2,776.7	$2,858.6	$2,924.8
National Health Expenditures as a Share of the GNP%	8.8%	8.8%	8.9%	9.4%	9.5%	9.6%	9.6%	n.a.
Annual Percentage Change								
Total	13.1	11.9	13.4	15.2	15.2	15.0	14.9	n.a.
Health Services and Supplies	13.8	12.2	13.8	15.3	15.3	15.0	15.0	
Personal Health Care	12.8	12.1	13.5	15.2	15.6	15.6	15.7	
Hospital Care	13.1	11.7	13.2	16.2	16.4	16.8	17.0	
Professional Services	14.3	12.5	13.9	15.2	15.7	15.4	15.5	
Physicians' Services	15.6	12.4	13.6	14.5	15.6	15.5	15.8	
Dentists' Services	11.5	11.8	14.6	17.4	15.8	14.6	14.2	
Other Professional Services	11.4	15.5	13.9	15.1	16.8	16.4	16.1	
Drugs and Drug Sundries	8.0	9.6	11.5	11.9	11.8	11.6	11.8	
Eyeglasses and Appliances	7.2	13.0	12.0	10.6	15.0	16.3	15.9	
Nursing Home Care	15.7	15.2	16.9	16.6	16.7	16.4	16.5	
Other Personal Health Care	5.6	11.3	10.6	8.4	8.5	8.6	8.3	
Prepayment and/or Administration	40.6	6.9	17.4	17.4	10.4	3.5	1.8	
Government Public Health Activity	13.3	23.3	19.3	15.0	13.8	13.2	13.1	
Research and Construction	1.6	6.7	4.9	12.7	13.1	13.8	13.0	
Research	5.9	13.4	8.6	12.8	10.0	7.3	4.9	
Construction of Medical Facilities	-1.4	1.7	1.9	12.6	15.9	19.8	20.4	
Addendum: Gross National Product	11.6	12.4	12.0	8.8	9.1	10.2	11.3	11.4

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Table A-2. Personal Health Care Expenditures, By Type of Expenditure and Source of Funds (Billions)

	Twelve-month Period Ending							
	December				March	June	September	December
	1977	1978	1979	1980	1981	1981	1981	1981
Personal Health Care								
Total	$148.7	$166.7	$189.1	$217.9	$226.6	$234.6	$243.4	n.a.
Private Funds	90.8	101.5	114.7	131.5	137.1	141.8	146.7	
Public Funds	57.9	65.2	74.4	86.4	89.5	92.8	96.7	
Federal Government	41.0	46.4	53.1	62.5	65.1	67.6	70.8	
State and Local Government	16.9	18.8	21.3	23.9	24.4	25.1	25.9	
Hospital Care								
Total	$67.8	$75.7	$85.7	$99.6	$103.7	$107.7	$112.2	n.a.
Private Funds	31.0	34.6	39.2	45.3	47.5	49.7	51.9	
Public Funds	36.8	41.1	46.5	54.2	56.2	58.0	60.3	
Federal Government	27.2	30.6	34.9	41.3	43.0	44.5	46.5	
State and Local Government	9.6	10.5	11.6	12.9	13.2	13.5	13.8	
Physicians' Services								
Total	$31.9	$35.8	$40.7	$46.6	$48.7	$50.3	$52.2	n.a.
Private Funds	23.8	26.6	30.0	34.3	35.9	37.0	38.3	
Public Funds	8.0	9.2	10.7	12.3	12.8	13.3	13.8	
Federal Government	5.9	6.9	8.0	9.4	9.8	10.3	10.8	
State and Local Government	2.1	2.3	2.6	2.9	2.9	3.0	3.1	
Other Personal Health Care								
Total	$49.1	$55.2	$62.8	$71.7	$74.3	$76.5	$79.0	n.a.
Private Funds	36.0	40.2	45.6	51.9	53.7	55.1	56.5	
Public Funds	13.1	14.9	17.2	19.9	20.6	21.5	22.6	
Federal Government	7.9	8.9	10.2	11.8	12.3	12.9	13.6	
State and Local Government	5.2	6.0	7.0	8.1	8.3	8.6	9.0	

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Table A-3. Personal Health Care Expenditures Per Capita, By Type of Expenditure and Source of Funds

	Twelve-month Period Ending							
	December				March	June	September	December
	1977	1978	1979	1980	1981	1981	1981	1981
Personal Health Care								
Total	$663	$736	$826	$941	$975	$1,007	$1,043	n.a.
Private Funds	405	448	501	568	590	609	629	
Public Funds	258	288	325	373	385	398	414	
Federal Government	183	205	232	270	280	290	303	
State and Local Government	75	83	93	103	105	108	111	
Hospital Care								
Total	$302	$334	$374	$430	$446	$463	$481	n.a.
Private Funds	138	153	171	196	204	213	223	
Public Funds	164	181	203	234	242	249	258	
Federal Government	121	135	152	178	185	191	199	
State and Local Government	43	46	51	56	57	58	59	
Physicians' Services								
Total	$142	$158	$178	$201	$209	$216	$224	n.a.
Private Funds	106	117	131	148	155	159	164	
Public Funds	36	41	47	53	55	57	59	
Federal Government	26	30	35	41	42	44	46	
State and Local Government	9	10	11	12	13	13	13	
Other Personal Health Care								
Total	$219	$243	274	$310	$320	$329	$339	n.a.
Private Funds	161	178	199	224	231	236	242	
Public Funds	58	66	75	86	89	92	97	
Federal Government	35	39	44	51	53	55	58	
State and Local Government	23	26	31	35	36	37	39	
Addendum: Population (thousands)	224,225	226,583	229,061	231,679	232,333	232,867	233,340	

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Table A-4. Sources of Funds for Personal Health Care Expenditures, As Percentages of Selected Types of Expenditures

	Twelve-month Period Ending							
	December				March	June	September	December
	1977	1978	1979	1980	1981	1981	1981	1981
Personal Health Care								
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	n.a.
Private Funds	61.1	60.9	60.7	60.4	60.5	60.5	60.3	
Public Funds	38.9	39.1	39.3	39.6	39.5	39.5	39.7	
Federal Government	27.6	27.8	28.1	28.7	28.7	28.8	29.1	
State and Local Government	11.4	11.3	11.3	11.0	10.8	10.7	10.6	
Hospital Care								
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	n.a.
Private Funds	45.7	45.7	45.7	45.5	45.8	46.1	46.3	
Public Funds	54.3	54.3	54.3	54.5	54.2	53.9	53.7	
Federal Government	40.1	40.4	40.7	41.5	41.5	41.3	41.4	
State and Local Government	14.2	13.8	13.6	13.0	12.7	12.6	12.3	
Physicians' Services								
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	n.a.
Private Funds	74.8	74.3	73.8	73.6	73.8	73.6	73.5	
Public Funds	25.2	25.7	26.2	26.4	26.2	26.4	26.5	
Federal Government	18.6	19.2	19.8	20.2	20.2	20.5	20.6	
State and Local Government	6.7	6.5	6.4	6.2	6.0	5.9	5.9	
Other Personal Health Care								
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	n.a.
Private Funds	73.3	73.0	72.6	72.3	72.3	72.0	71.4	
Public Funds	26.7	27.0	27.4	27.7	27.7	28.0	28.6	
Federal Government	16.1	16.2	16.2	16.5	16.5	16.8	17.2	
State and Local Government	10.6	10.9	11.2	11.3	11.2	11.2	11.4	

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Table A-5. Annual Percentage Change in Constant-dollar Personal Health Care Expenditures and Related Price Indexes, And Factors Affecting Growth of Personal Health Care Expenditures

	Twelve-month Period Ending							
	December				March	June	September	December
	1977	1978	1979	1980	1981	1981	1981	1981
Growth in Constant-dollar Personal Health Care Expenditures	4.4%	3.7%	3.9%	3.7%	4.0%	4.1%	4.1%	n.a.
Hospital Care	4.7	3.1	2.8	3.9	4.2	4.4	4.5	
Physicians' Services	5.7	3.8	4.1	3.6	4.4	4.4	4.6	
Nursing Home Care	8.1	5.8	7.2	6.0	6.0	5.8	5.7	
Other Personal Health Care	1.6	3.9	4.4	2.5	2.5	2.4	2.5	
Growth in Average Price Indexes for Personal Health Care Expenditures								
Implicit Price Deflator	8.0%	8.1%	9.3%	11.1%	11.1%	11.2%	11.2%	n.a.
Fixed-weight Price Index	8.0	8.1	9.3	11.2	11.1	11.2	11.2	
Growth of Personal Health Care Expenditures	12.8%	12.1%	13.5%	15.2%	15.6%	15.6%	15.7%	n.a.
Allocation Among Factors Affecting Growth	100%	100%	100%	100%	100%	100%	100%	
Prices	64	69	71	75	74	74	73	
Population	8	9	8	8	7	7	7	
Intensity (residual)	28	22	21	17	19	19	20	
Addenda:								
Personal Health Care Expenditures (Billions of Dollars)	$148.7	$166.7	$189.1	$217.9	$226.6	$234.6	$243.4	n.a.
Constant-dollar Personal Health Care Expenditures (Billions of 1977 Dollars)	148.7	154.1	160.1	166.0	168.2	169.6	171.3	
Average Price Indexes for Personal Health Care Expenditures (1977=100.0)								
Implicit Price Deflator	100.0	108.1	118.1	131.2	134.7	138.3	142.1	
Fixed-weight Price Index	100.0	108.1	118.1	131.3	134.7	138.3	142.1	

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Section B. Community Hospital Statistics[2/]

Growth rates in community hospital expenses headed upward during twelve-month periods following calendar year 1980, while those of hospital use turned downward.

Operating expenses of community hospitals reached $90 billion in the year ending September 1981, the latest fiscal year available at this writing (Table B-1). This figure was 18.7 percent higher than that of the year ending September 1980 (Table B-2). About two-thirds of the growth in labor expenses was due to growth in average hourly earnings (cf. Section D), and about two-thirds of the growth of nonlabor expenses was due to price inflation (cf. Section C), approximately the same fractions as in calendar year 1980.

Inpatient expenses, which exclude the costs of operating outpatient facilities, were 18.3 percent higher in the year ending September 1981 than they had been one year earlier. Expenses per patient day rose 15.9 percent, and expenses per admission rose 16.8 percent[3/].

Part of the increase in community hospital expenses was due to increased use of hospital facilities:

Admissions during the September fiscal year were 38 million, about 19 per thousand population -- the same rate as in calendar year 1980;

Inpatient days increased 2.1 percent from the previous year;

The average length of stay increased 0.8 percent;

The number of surgical operations increased 2.2 percent, to 20 million. About half of all admissions involved surgery: the ratio of operations to admissions fell slightly, from .54 in calendar year 1980 to .52 in the September fiscal year;

Hospital "capacity," measured by the number of beds available, increased 1.6 percent; and

The adult occupancy rate (a crude measure of "capacity utilization") rose to 76.0 percent in the year ending September.

Average full-time equivalent (FTE) employment in community hospitals increased 5.6 percent for the twelve months ending September 1981. Considering the expansion of hospital capacity, the growth of FTE employees per bed grew 3.7 percent. Both rates reflect recent upward trends in growth.

2/ Community hospitals comprise "all nonfederal short-term general and other specific hospitals, excluding hospital units of institutions after 1971, whose facilities and services are available to the public" (AHA, 1980). Data on the operation of community hospitals are collected monthly by the American Hospital Association (AHA) through its National Hospital Panel Survey of a sample of community hospitals (stratified by size and geographic location) drawn from the membership of the AHA.

For the most recent comparison of the panel survey data and statistics from the AHA Annual Survey of Hospitals, see Bisbee and Bachofer (1979).

3/ When the length of stay increases, high initial costs such as those of diagnostic tests are spread over more days of care, lowering the cost per day relative to the cost per admission.

The growth rate of hospital expenses reflects:

Price inflation;

Changes in the use of hospital services (admissions or patient days); and

Changes in "intensity" (the mix of goods and services used per admission or per patient day).

Using the National Hospital Input Price Index of Section C as an approximation of price inflation for the September 1981 fiscal year, price changes accounted for two thirds of growth in expenditures. With admission as an approximation of use, "intensity" accounted for 25 percent of the growth in expenses; with patient days as an approximation of use, "intensity" played a smaller role, since the high intensity of initial days of a hospital admission was spread over a longer stay. Intensity per admission grew about 4 percent in the September fiscal year, and intensity per inpatient day grew about 3½ percent.

For further information on community hospital statistics, see "Hospital Indicators," a regular feature of **Hospitals** magazine.

FIGURE 3

Community Hospital Statistics:
Year-to-Year Percentage Change in Twelve Month Moving Averages

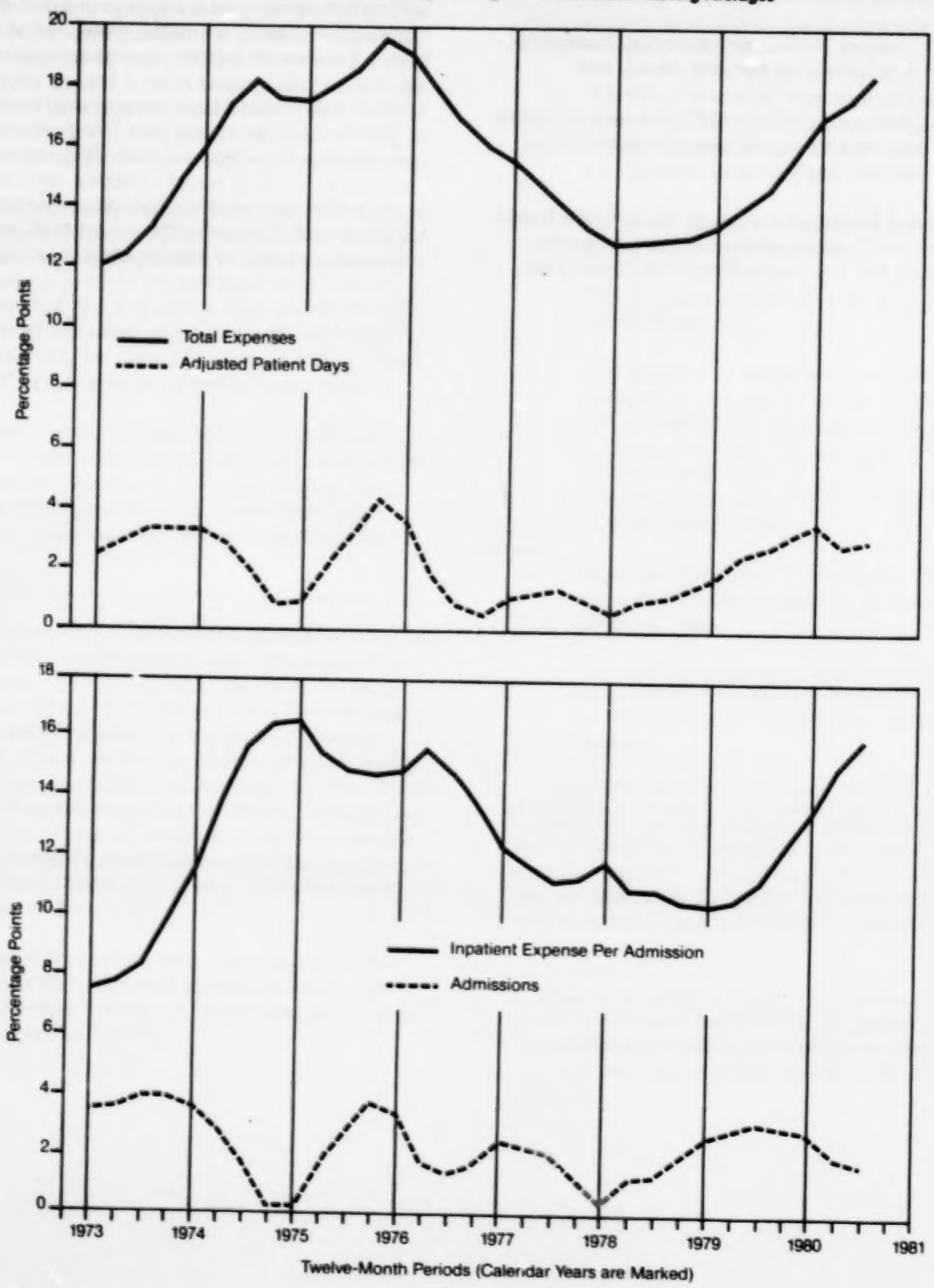

Chart shows data through September 1981 fiscal year.

Table B-1. Selected Community Hospital Statistics

	Twelve-month Period Ending							
	December				March	June	September	December
	1977	1978	1979	1980	1981	1981	1981	1981
Operating Expenses:								
Total (millions)	$53,006	$59,802	$67,833	$79,340	$82,754	$86,452	$90,268	n.a.
Labor (millions)	30,430	34,369	38,906	45,392	47,339	49,494	51,783	
Nonlabor (millions)	22,576	25,433	28,927	33,947	35,415	36,958	38,485	
Inpatient Expense (millions)	$46,437	$52,131	$59,060	$68,962	$71,888	$75,002	$78,251	
Per Patient Day	181.09	203.08	226.46	255.78	265.74	275.53	286.73	
Per Admission	1,311.63	1,465.95	1,617.74	1,835.93	1,910.99	1,985.50	2,067.92	
Utilization:								
Admissions (thousands)	35,404	35,561	36,508	37,562	37,618	37,775	37,840	n.a.
Inpatient Days (thousands)	256,429	256,708	260,792	269,615	270,521	272,206	272,911	
Adult Length of Stay (days)	7.2	7.2	7.1	7.2	7.2	7.2	7.2	
Surgical Operations (thousands)	17,748	17,933	18,640	19,384	19,428	19,528	19,639	
Outpatient Visits (thousands)	211,022	211,957	211,370	217,795	217,812	218,633	219,849	
Beds (thousands)	945	954	959	970	975	980	984	
Adult Occupancy Rate	74.3%	73.7%	74.5%	75.9%	76.0%	76.1%	76.0%	
Full-time Equivalent Personnel (FTE)								
Total (thousands)	2,559	2,655	2,747	2,877	2,919	2,957	2,997	n.a.
Per Bed 2.7	2.8	2.9	3.0	3.0	3.0	3.0		
Adjusted Patient Days per FTE	114	111	109	108	107	106	105	
Addendum: Adjusted Patient Days (thousands)	292,708	294,482	299,531	310,188	311,413	313,762	314,822	n.a.

Source: American Hospital Association
Hospital Data Center

Table B-2. Annual Percentage Change in Selected Community Hospital Statistics

	Twelve-month Period Ending							
	December				March	June	September	December
	1977	1978	1979	1980	1981	1981	1981	1981
Operating Expenses:								
Total	15.6	12.8	13.4	17.0	17.6	18.5	18.7	n.a.
Labor	14.2	12.9	13.2	16.7	17.4	18.4	19.1	
Nonlabor	17.6	12.7	13.7	17.4	17.9	18.5	18.2	
Inpatient Expense	15.2	12.3	13.3	16.8	17.4	18.1	18.3	
Per Patient Day	14.3	12.1	11.5	12.9	14.4	15.0	15.9	
Per Admission	12.3	11.8	10.4	13.5	15.1	16.0	16.8	
Utilization:								
Admissions	2.5	.4	2.7	2.9	2.0	1.8	1.3	n.a.
Inpatient Days	.7	.1	1.6	3.4	2.6	2.7	2.1	
Adult Length of Stay	-1.8	-.3	-1.0	.5	.6	.9	.8	
Surgical Operations	3.5	1.0	3.9	4.0	3.1	2.7	2.2	
Outpatient Visits	6.0	.4	-.3	3.0	1.7	1.8	1.6	
Beds	1.3	.9	.6	1.2	1.6	1.8	1.9	
Adult Occupancy Rate	-.2*	-.6*	.8*	1.4*	1.0*	.8*	.4*	
Full-time Equivalent Personnel (FTE)								
Total	5.1	3.7	3.5	4.7	5.4	5.6	5.6	n.a.
Per Bed	3.7	2.8	2.9	3.5	3.8	3.7	3.7	
Adjusted Patient Days per FTE	-3.7	-3.0	-1.7	-1.1	-2.4	-2.4	-3.0	
Addendum: Adjusted Patient Days	1.1	.6	1.7	3.6	2.8	3.0	2.4	

* Absolute change, rather than percentage change

Based on data from the Hospital Data Center (American Hospital Association)

Section C. Health Care Prices

The National Hospital Input Price Index, a market-basket measure of prices paid by hospitals for supplies and services, was 11.9 percent higher in the year ending September 1981 than it had been one year earlier (Table C-1 and Figure 4). Economy-wide inflation for the September 1981 fiscal year was 9.5 percent (cf. Section E). Neither rate of inflation had shown much variation since the June 1980 fiscal year. The average price of hospital labor increased 12.5 percent in the year ending September 1981, with especially rapid increases in the growth of fringe benefits. On the other hand, the growth of nonlabor prices slowed a fraction, standing at 11.1 percent for the September fiscal year. Price inflation of petrochemicals and fuels was the dominant factor in movement of the nonlabor component of the index.

The National Nursing Home Input Price Index, a measure similar to the hospital index but designed to cover supplies and services used by nursing homes, was 10.1 percent higher in the year ending September than it had been one year earlier. The difference between the growth rates of the hospital and nursing home indexes was due to wage growth, which was 8.8 percent for nursing homes and 12.1 percent for hospitals. Wages paid by nursing homes are strongly correlated with the Federal minimum wage. Fuel and energy prices played a decisive role in determining the growth of the nonwage component of the nursing home price index.

Prices paid by consumers of medical care in calendar year 1981 were 10.8 percent higher than in the previous year, as measured by the Consumer Price Index for All Urban Consumers (CPI) (Tables C-2 and C-3). Although that rate of increase was lower than the 10.9 percent growth in calendar year 1980, there were signs that it might be rising again. The medical-care component of the CPI grew at a faster rate than did the index for all items, reversing a two-year-old relation between the two growth rates. Due to high rates of price inflation in the energy and housing markets,the all-items CPI rose at a rate of 10.4 percent, but growth of the all-items index was subsiding, having peaked at a rate of 13.7 percent in the September 1980 fiscal year.

Within the medical care component, inflation followed mixed trends:

Growth of professional fees slowed because, while growth of physicians' fees was essentially unchanged, charges for dental services decelerated;

The composite hospital and nursing home index grew 14.2 percent;

Inflation of medical commodity prices continued to increase, reaching a rate of 10.9 percent, as rising inflation of drug prices offset subsiding inflation of other medical commodities.

In recent years, the historical difference between medical-care price inflation and other measures of price inflation has been narrowed or reversed. Prior to calendar year 1978, the medical-care CPI had, for the most part, exceeded the all-items CPI in growth; but the opposite was true between calendar years 1978 and 1981. Part of the reason that medical care prices grew more slowly than other consumer prices may have been the influence of voluntary and government-sponsored cost containment initiatives. Another factor may have been that fuel and housing prices have a smaller effect upon providers of medical care than they have upon the typical family for which the CPI is designed. Whatever the reason, the gap between growth of the medical-care CPI and the all-items CPI closed and reversed itself. In recent periods, growth of the all-items index began to fall back toward the rate shown by the medical-care CPI, with no corresponding decline in the latter rate, until the pre-1978 relation between the two was re-established. With few exceptions, medical-care price inflation has exceeded that of economy-wide inflation, as measured by the Gross National Product fixed-weight price index (cf. Section E). That relation remained unchanged during the twelve-month periods following calendar year 1980 (Figure 4).

For more information on prices, see the reference section at the end of Trends, especially the article by Freeland et al. on the National Hospital Input Price Index and the Bureau of Labor Statistics **Detailed CPI Report.**

FIGURE 4

Various Measures of Health-Related Prices:
Year-to-Year Percentage Change in Twelve-Month Moving Averages

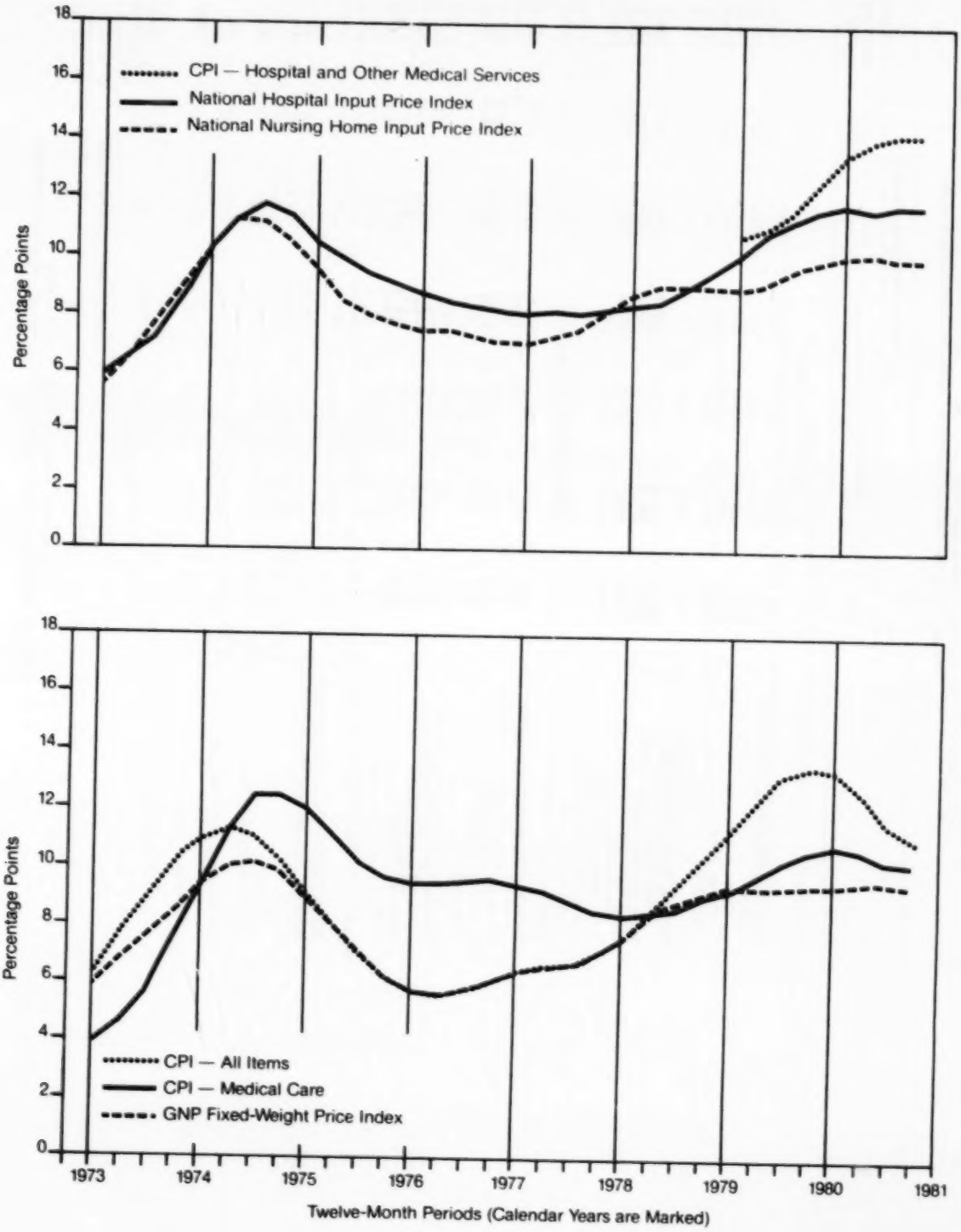

Chart shows data through September 1981 fiscal year.

Table C-1. The National Hospital Input Price Index and the National Nursing Home Input Price Index: Average Levels and Annual Percentage Change for Selected Components

	Twelve-month Period Ending							
	December				March	June	September	December
	1977	1978	1979	1980	1981	1981	1981	1981
Levels (1977 = 100)								
National Hospital Input Price Index	100.0	108.4	119.3	133.5	137.1	141.2	145.4	149.6
Labor	100.0	108.9	119.1	132.7	136.3	140.7	145.2	149.9
Wages and Salaries	100.0	108.4	118.4	131.9	135.4	139.6	143.9	148.3
Fringe Benefits	100.0	112.0	123.6	138.3	143.0	148.8	154.8	161.6
Nonlabor	100.0	107.7	119.6	134.7	138.3	141.8	145.6	149.2
National Nursing Home Input Price Index	100.0	108.8	118.6	130.4	133.7	136.9	140.3	143.5
Wages and Salaries	100.0	109.1	117.8	127.4	130.3	133.1	136.0	138.8
Other	100.0	108.5	119.6	133.9	137.6	141.4	145.3	149.0
Annual Percentage Change								
National Hospital Input Price Index	8.1	8.4	10.1	11.9	11.6	11.9	12.1	12.1
Labor	8.7	8.9	9.4	11.4	11.4	12.1	12.6	13.0
Wages and Salaries	8.0	8.4	9.2	11.4	11.3	11.9	12.3	12.4
Fringe Benefits	14.0	12.0	10.4	11.9	12.4	14.0	15.4	16.8
Nonlabor	7.2	7.7	11.0	12.6	12.2	11.4	11.1	10.8
National Nursing Home Input Price Index	7.1	8.8	9.0	9.9	10.1	10.0	10.1	10.0
Wages and Salaries	6.4	9.1	8.0	8.1	8.7	8.7	8.9	8.9
Other	7.9	8.5	10.2	12.0	11.8	11.6	11.5	11.3

Health Care Financing Administration
Bureau of Data Management and Strategy

Table C-2. Selected Average Consumer Price Indexes for All Urban Consumers (Calendar Year 1967 = 100.0 Unless Noted)

	Twelve-month Period Ending							
	December				March	June	September	December
	1977	1978	1979	1980	1981	1981	1981	1981
All Items	181.5	195.4	217.4	246.8	253.4	259.4	266.2	272.4
All Items Less Medical Care	180.3	194.0	216.1	245.5	252.1	258.1	264.8	270.9
Apparel and Upkeep	154.2	159.6	166.6	178.4	180.8	183.0	185.2	186.9
Energy	207.3	220.4	275.9	361.1	374.8	386.9	398.4	410.0
Food	192.2	211.4	234.5	254.6	260.9	266.5	271.3	274.6
Housing: Shelter	191.1	210.4	239.7	281.7	290.0	296.8	306.5	314.7
Medical Care	202.4	219.4	239.7	265.9	272.1	278.6	286.2	294.5
Medical Care Services	216.7	235.4	258.3	287.4	294.0	300.8	309.1	318.2
Professional Services	194.1	208.8	226.8	252.0	258.2	264.1	271.0	277.9
Physicians' Services	206.0	223.1	243.6	269.3	276.3	283.2	290.8	299.0
Dental Services	185.1	198.1	214.8	240.2	245.7	250.6	257.1	263.3
Other Professional Services *	n.a.	104.0	111.1	123.6	126.7	129.5	132.3	135.2
Other Medical Care Services **	244.2	267.6	296.4	330.1	337.3	345.3	355.1	366.9
Hospital and Other Medical Services *	n.a.	106.2	117.6	133.5	138.1	142.6	147.4	152.5
Hospital Room	299.5	332.4	370.3	418.9	432.9	447.0	463.0	481.1
Other Hospital and Medical Care Services *	n.a.	105.9	116.8	132.8	137.6	142.1	146.6	151.2
Medical Care Commodities	134.1	143.5	153.8	168.1	172.3	176.8	181.6	186.5
Prescription Drugs	122.1	131.6	141.8	154.8	158.6	162.8	167.5	172.5
Nonprescription Drugs and Medical Supplies *	n.a.	103.6	110.5	120.9	124.0	127.2	130.5	133.6
Eyeglasses *	n.a.	102.2	107.8	117.5	120.1	122.3	123.9	125.6
Internal and Respiratory Over-the-counter Drugs	148.5	159.0	170.7	188.1	193.5	199.2	205.5	211.4
Nonprescription Medical Equipment and Supplies *	n.a.	103.2	109.4	118.2	120.6	123.5	126.1	129.1

* December 1977 = 100.0
** Includes hospital and other medical services (nursing homes), and health insurance (not shown separately).

Based on data from the Bureau of Labor Statistics (U.S. Department of Labor)

Table C-3. Annual Percentage Change in Selected Average Consumer Price Indexes for All Urban Consumers

	Twelve-month Period Ending							
	December				March	June	September	December
	1977	1978	1979	1980	1981	1981	1981	1981
All Items	6.5	7.7	11.3	13.5	12.7	11.5	11.1	10.4
All Items Less Medical Care	6.2	7.6	11.4	13.6	12.8	11.6	11.1	10.3
Apparel and Upkeep	4.5	3.5	4.4	7.1	6.8	6.3	5.6	4.8
Energy	9.5	6.3	25.2	30.9	23.9	18.0	15.0	13.5
Food	6.3	10.0	10.9	8.6	9.2	9.6	9.2	7.9
Housing: Shelter	6.8	10.1	13.9	17.5	15.9	13.3	12.7	11.7
Medical Care	9.6	8.4	9.3	10.9	10.7	10.2	10.3	10.8
Medical Care Services	9.9	8.6	9.7	11.3	10.8	10.2	10.3	10.7
Professional Services	8.2	7.6	8.6	11.1	11.1	10.6	10.5	10.3
Physicians' Services	9.3	8.3	9.2	10.6	10.8	10.6	10.8	11.0
Dental Services	7.5	7.0	8.4	11.8	11.5	10.5	10.1	9.6
Other Professional Services	n.a.	n.a.	6.8	11.3	11.7	11.2	10.3	9.4
Other Medical Care Services *	11.8	9.6	10.8	11.4	10.5	9.9	10.1	11.1
Hospital and Other Medical Services	n.a.	n.a.	10.7	13.5	14.1	14.4	14.4	14.2
Hospital Room	11.5	11.0	11.4	13.1	13.6	13.9	14.3	14.8
Other Hospital and Medical Care Services	n.a.	n.a.	10.3	13.7	14.6	14.7	14.4	13.9
Medical Care Commodities	6.4	7.0	7.2	9.3	9.9	10.3	10.7	10.9
Prescription Drugs	6.0	7.8	7.8	9.2	9.7	10.1	10.7	11.4
Nonprescription Drugs and Medical Supplies	n.a.	n.a.	6.7	9.4	10.0	10.4	10.6	10.5
Eyeglasses	n.a.	n.a.	5.5	9.0	9.5	9.0	7.8	6.9
Internal and Respiratory Over-the-counter Drugs	6.9	7.1	7.4	10.2	11.0	11.5	12.2	12.4
Nonprescription Medical Equipment and Supplies	n.a.	n.a.	6.0	8.0	8.4	9.0	9.0	9.2

* Includes hospital and other medical services (nursing homes), and health insurance (not shown separately).

Based on data from the Bureau of Labor Statistics (U.S. Department of Labor)

Section D. Employment, Hours, and Earnings in the Private Health Sector

Growth of employment, hours and earnings in private health establishments continued to be relatively insulated from the general economic climate. Health professionals and workers increased as a fraction of the employed civilian workforce.

Employment, hours and earnings trends in the private health industry[4/] supported indications that health care expenditures are relatively insensitive to the business cycle, and perhaps even mildly countercyclical (Tables D-1 and D-2 and Figure 5):

Total employment grew 5.0 percent in the year ending December. This was less than in calendar year 1980, but considerably more than the 1.6 percent growth rate for all industries[5/], which were feeling the effects of an economic slowdown;

Average weekly hours in health establishments remained unchanged in calendar year 1981, while those in all industries declined;

Average hourly earnings of the 4.9 million full- and part-time non-supervisory workers in the private health industry increased 11.4 percent, compared to an increase in all industries of 8.9 percent;

Total work hours in the private health industry increased 5.1 percent, four percentage points faster than in the total private economy; and

Payrolls increased seven points faster than in the total private economy, at a rate of 17.0 percent (Table D-3).

Within the private health industry, growth patterns differed by type of establishment:

Employment growth was fastest in private hospitals, but the average workweek was shorter than in the previous year;

The number of non-supervisory employees in offices of dentists increased rapidly, but average weekly hours dropped quite sharply;

The number of employees in nursing homes increased rapidly, but hourly wage growth was the slowest of any of the major types of establishments, as a large fraction of employees earn the Federal minimum wage;

Non-supervisory payroll growth in calendar year 1981 ranged from 15 percent in private nursing homes to 17.7 percent in private hospitals, averaging 17.0 percent for all private health establishments; and

Growth of work hours in private health establishments during 1981 clustered between 4½ percent and 5 percent, except for the 5.8 percent growth for nursing homes. Although below the 1980 growth of 5.5 percent, the average growth in 1981 was considerably higher than the 1.1 percent rate registered for all industries.

4/ The "private health industry" is defined by the 1972 Standard Industrial Classification (SIC) 80, and excludes establishments controlled by Federal, State, or local government. Employment, hours, and earnings reported here are measured by the Bureau of Labor Statistics "establishment survey" of the private nonfarm sector of the economy.

5/ "All industries" is defined as the total private nonfarm economy.

Combined employment in private and public hospitals grew at a rate of 3.9 percent in calendar year 1981. Federal hospitals, which are facing budget reductions, registered a loss in employment of .9 percent, while local government hospitals and, even more so, private hospitals posted significant gains in employment. The combined growth rate of 4.1 percent in employment for the September fiscal year differs from the 5.6 percent rate of growth shown in Section B for three reasons. First, the data in section B are for community hospitals, which exclude all Federal hospitals and all long-term hospitals. Both Federal hospitals and long-term hospitals have reduced or held constant their activities in recent years. Second, the data in Section B are for "full-time-equivalent" (FTE) employment, in which two part-time employees or one full-time employee count as one FTE employee. The data shown in this section are for total employment [6/]. Third, each of the growth rates is based upon data from a sample survey. Different samples, even if they were drawn from the same universe and measured the same thing, would yield different results.

Continuing an upward trend in calendar year 1981, people employed in health occupations comprised a larger fraction of the employed labor force than ever before. Of the average 98 million employed people[7/], 5.3 percent (5.2 million[8/]) held positions in the health care field (Table D-4). Unlike the data in Table D-1, these figures include employees of government facilities and of non-health establishments and exclude non-health personnel in health facilities. Unfortunately, the data are subject to enough sample and non-sample error that one cannot estimate percent change reliably. Nor can one estimate unemployment rates reliably, although it is probable that the rate of unemployment for health occupations was considerably less than the 7.6 percent rate for the entire civilian labor force.

For further information on employment, hours, and earnings, see the **Monthly Labor Review** and **Employment and Earnings.** Special attention is devoted to the health sector in the article by Sekscenski and in the U.S. Census and Bureau of Health Manpower reports listed among the references.

6/ The apparent difference between the two series is increased when identical measurements of employment are used. The AHA panel survey data for the September fiscal year indicate that total employment in community hospitals rose 6.2 percent, including a 10.4 percent increase in the part-time employees and a 4.8 percent increase in full-time employees.

7/ These data do not include the effects of benchmarking the Household Survey results to the 1980 Census of Population. Benchmarked data for calendar year 1981 show a total of 5,339,000 health professionals and workers, 5.3 percent of an employed civilian labor force of 100,397,000. Revised data for earlier years are not available.

8/ This figure includes health administrators, a group not considered previously in **Trends.**

FIGURE 5

Employment, Workhours and Earnings
Year-to-Year Percentage Change in Twelve-Month Moving Averages

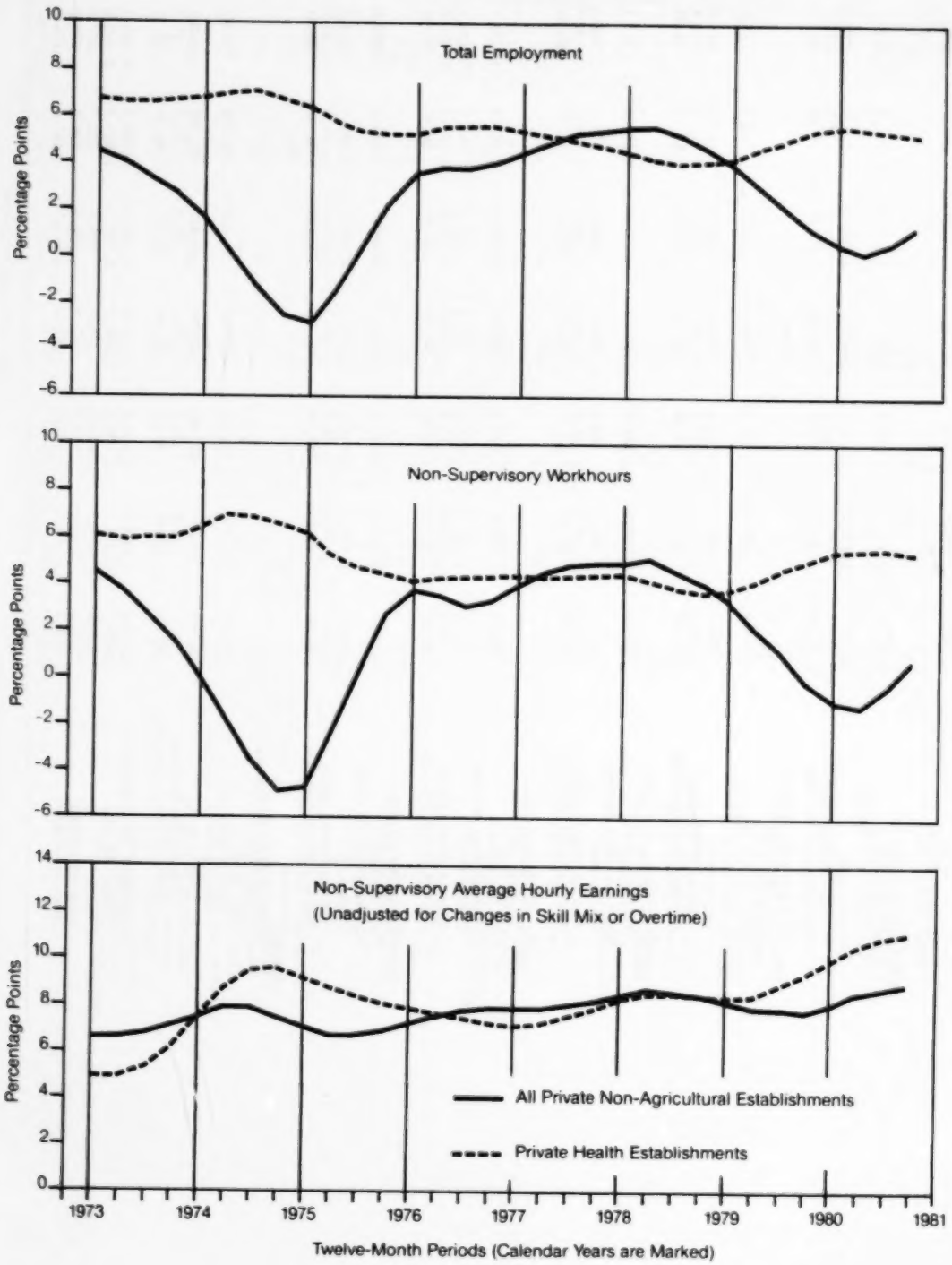

Chart shows data through September 1981 fiscal year.

Table D-1. Employment, Hours, and Earnings in Private Health Service Establishments, for Selected Types of Establishments (Employment in Thousands)

	Twelve-month Period Ending							
	December				March	June	September	December
	1977	1978	1979	1980	1981	1981	1981	1981
Health Services (SIC* 80)								
Total Employment	4,583.9	4,791.6	4,992.8	5,271.6	5,337.9	5,404.3	5,470.6	5,534.5
Non-supervisory Workers								
Employment	4,099.1	4,273.2	4,442.8	4,706.1	4,767.5	4,829.4	4,890.6	4,949.8
Average Weekly Hours	33.0	33.0	33.0	32.8	32.9	32.9	32.9	32.8
Average Hourly Earnings	$4.40	$4.76	$5.17	$5.68	$5.84	$5.99	$6.16	$6.33
Offices of Physicians and Surgeons (SIC 801)								
Total Employment	645.9	680.6	716.8	749.0	756.7	765.3	774.1	782.4
Non-supervisory Workers								
Employment	538.5	561.6	586.6	613.4	620.3	627.8	635.8	642.7
Average Weekly Hours	33.5	33.1	32.6	32.4	32.5	32.5	32.4	32.3
Average Hourly Earnings	$4.59	$4.98	$5.38	$5.90	$6.06	$6.23	$6.38	$6.52
Offices of Dentists (SIC 802)								
Total Employment	286.6	302.3	322.0	340.2	343.2	347.2	351.4	356.2
Non-supervisory Workers								
Employment	255.5	263.6	280.0	296.3	299.6	304.0	308.6	314.0
Average Weekly Hours	28.6	29.0	28.9	28.8	28.8	28.6	28.5	28.5
Average Hourly Earnings	$4.48	$4.70	$5.14	$5.63	$5.81	$5.98	$6.14	$6.28
Nursing and Personal Care Facilities (SIC 805)								
Total Employment	860.0	910.6	950.8	1,002.7	1,015.4	1,027.3	1,038.7	1,049.1
Non-supervisory Workers								
Employment	780.8	822.0	855.4	903.1	915.5	927.4	938.5	948.6
Average Weekly Hours	31.1	31.2	31.0	30.9	31.0	31.0	31.0	31.1
Average Hourly Earnings	$3.27	$3.57	$3.85	$4.17	$4.26	$4.35	$4.45	$4.54
Private Hospitals (SIC 806)								
Total Employment	2,465.2	2,538.2	2,608.4	2,744.9	2,780.3	2,815.3	2,850.0	2,884.3
Non-supervisory Workers								
Employment	2,236.2	2,315.7	2,382.0	2,517.4	2,549.5	2,581.1	2,612.2	2,643.7
Average Weekly Hours	34.0	34.1	34.2	34.1	34.1	34.1	34.0	34.0
Average Hourly Earnings	$4.66	$5.05	$5.48	$6.06	$6.23	$6.41	$6.61	$6.81
Addenda:								
All Private Non-agricultural Establishments								
Total Employment	67,344	71,027	73,876	74,316	74,415	74,755	75,241	75,488
Non-supervisory Workers								
Employment	55,179	58,156	60,367	60,457	60,467	60,700	61,061	61,208
Average Weekly Hours	36.0	35.8	35.7	35.3	35.3	35.3	35.3	35.2
Average Hourly Earnings	$5.25	$5.69	$6.16	$6.66	$6.81	$6.96	$7.11	$ 7.25
Employment, All Hospitals	3,723.0	3,843.0	3,941.2	4,117.0	4,160.4	4,200.2	4,239.1	4,277.8
Private (SIC 806)	2,465.2	2,538.2	2,608.4	2,744.9	2,780.3	2,815.3	2,850.0	2,884.3
Federal	226.0	229.3	224.5	234.1	234.4	232.7	232.3	232.0
State Government	538.0	540.8	537.7	533.5	534.2	534.5	534.0	533.1
Local Government	493.8	534.7	570.6	604.6	611.5	617.6	622.8	628.5

* 1972 Standard Industrial Classification (SIC)

Based on data from the Bureau of Labor Statistics (U.S. Department of Labor)

Table D-2. Annual Percentage Change in Employment, Hours, and Earnings in Private Health Service Establishments, For Selected Types of Establishments

	Twelve-month Period Ending							
	December				March	June	September	December
	1977	1978	1979	1980	1981	1981	1981	1981
Health Services (SIC* 80)								
Total Employment	5.4	4.5	4.2	5.6	5.5	5.4	5.2	5.0
Non-supervisory Workers Employment	5.0	4.2	4.0	5.9	5.8	5.7	5.5	5.2
Average Weekly Hours	-.6	.0	.0	-.6	.0	.0	.0	.0
Average Hourly Earnings	7.1	8.2	8.6	9.9	10.6	10.9	11.2	11.4
Offices of Physicians and Surgeons (SIC 801)								
Total Employment	5.2	5.4	5.3	4.5	4.3	4.4	4.5	4.5
Non-supervisory Workers Employment	4.1	4.3	4.5	4.6	4.6	4.8	4.9	4.8
Average Weekly Hours	.9	-1.2	-1.5	-.6	.0	.6	.3	-.3
Average Hourly Earnings	8.3	8.5	8.0	9.7	10.2	11.1	11.1	10.5
Offices of Dentists (SIC 802)								
Total Employment	7.7	5.5	6.5	5.7	4.8	4.8	4.6	4.7
Non-supervisory Workers Employment	6.5	3.2	6.2	5.8	5.4	5.8	5.8	6.0
Average Weekly Hours	-.7	1.4	-.3	-.3	-.7	-1.4	-1.4	-1.0
Average Hourly Earnings	6.9	4.9	9.4	9.5	11.3	12.4	12.7	11.5
Nursing and Personal Care Facilities (SIC 805)								
Total Employment	6.3	5.9	4.4	5.5	5.5	5.3	5.1	4.6
Non-supervisory Workers Employment	6.2	5.3	4.1	5.6	5.7	5.7	5.5	5.0
Average Weekly Hours	-.3	.3	-.6	-.3	.3	.3	.3	.6
Average Hourly Earnings	6.5	9.2	7.8	8.3	8.7	8.7	9.1	8.9
Private Hospitals (SIC 806)								
Total Employment	4.3	3.0	2.8	5.2	5.4	5.3	5.2	5.1
Non-supervisory Workers Employment	4.2	3.6	2.9	5.7	5.7	5.5	5.2	5.0
Average Weekly Hours	-1.4	.3	.3	-.3	-.3	-.3	-.3	-.3
Average Hourly Earnings	7.1	8.4	8.5	10.6	11.2	11.7	12.0	12.4
Addenda:								
All Private Non-agricultural Establishments								
Total Employment	4.4	5.5	4.0	.6	.2	.6	1.3	1.6
Non-supervisory Workers Employment	4.3	5.4	3.8	.1	-.3	.1	.9	1.2
Average Weekly Hours	-.3	-.6	-.3	-1.1	-.8	-.6	.0	-.3
Average Hourly Earnings	8.0	8.4	8.3	8.1	8.6	8.9	9.0	8.9
Employment, All Hospitals	3.9	3.2	2.6	4.5	4.5	4.4	4.1	3.9
Private (SIC 806)	4.3	3.0	2.8	5.2	5.4	5.3	5.2	5.1
Federal	7.8	1.5	-2.1	4.3	3.2	1.0	.0	-.9
State Government	3.9	.5	-.6	-.8	-.1	.3	.3	-.1
Local Government	.3	8.3	6.7	6.0	5.6	5.0	4.4	4.0

1972 Standard Industrial Classification (SIC)

Based on data from the Bureau of Labor Statistics (U.S. Department of Labor)

Table D-3. Annual Percentage Change in Implied Non-supervisory Payrolls and Work Hours in Private Health Service Establishments, for Selected Types of Establishments

	Twelve-month Period Ending							
	December				March	June	September	December
	1977	1978	1979	1980	1981	1981	1981	1981
Private Health Service Establishments (SIC* 80)								
Payrolls	11.7	13.0	12.5	16.0	16.7	17.2	17.4	17.0
Work Hours	4.4	4.4	3.8	5.5	5.5	5.6	5.4	5.1
Offices of Physicians and Surgeons (SIC 801)								
Payrolls	13.8	12.0	11.1	13.8	15.3	16.9	17.1	15.4
Work Hours	5.0	3.3	2.8	3.9	4.6	5.4	5.3	4.4
Offices of Dentists (SIC 802)								
Payrolls	13.0	10.0	15.7	15.5	16.5	17.1	17.7	16.8
Work Hours	5.8	4.8	6.0	5.4	4.6	4.2	4.4	4.6
Nursing and Personal Care Facilities (SIC 805)								
Payrolls	12.5	15.3	11.6	13.9	15.2	15.1	15.4	15.2
Work Hours	5.8	5.7	3.4	5.3	5.9	5.8	6.0	5.8
Private Hospitals (SIC 806)								
Payrolls	10.3	12.4	11.9	16.6	17.1	17.5	17.6	17.7
Work Hours	2.9	3.7	3.3	5.4	5.2	5.2	4.9	4.8
Addenda: All Private Non-agricultural Establishments								
Payrolls	12.2	13.9	11.7	7.0	7.3	8.4	10.0	10.1
Work Hours	4.0	5.0	3.3	-1.0	-1.2	-.4	.8	1.1

1972 Standard Industrial Classification (SIC)

Based on data from the Bureau of Labor Statistics (U.S. Department of Labor)

Table D-4. Employment of Health Professionals and Workers, By Selected Occupation
(Thousands of Persons Employed)

	Twelve-month Period Ending							
	December				March	June	September	December
	1977	1978	1979	1980	1981	1981	1981	1981
All Health Occupations	4,393	4,635	4,811	5,030	5,059	5,102	5,176	5,226
Practitioners *	724	756	787	777	780	780	791	801
Medical and Osteopathic Physicians	403	424	431	426	424	422	432	436
Dentists	105	117	131	141	142	137	128	128
Pharmacists	138	136	135	120	126	132	139	148
Health Administrators	175	184	185	210	210	214	219	216
Nurses, Dieticians and Therapists	1,285	1,351	1,488	1,574	1,580	1,591	1,618	1,620
Registered Nurses	1,063	1,112	1,223	1,302	1,293	1,292	1,312	1,314
Therapists	178	189	208	213	228	237	245	244
Health Technologists and Technicians	462	498	534	571	587	594	607	626
Clinical Laboratory	194	208	217	234	247	251	261	268
Radiologic	85	97	104	100	99	95	96	102
Health Service Workers	1,747	1,846	1,818	1,898	1,902	1,924	1,942	1,963
Nursing Aides, Orderlies and Attendants	1,008	1,037	1,024	1,093	1,086	1,097	1,109	1,116
Practical Nurses	371	402	376	375	381	384	386	395
Health Aides, Excluding Nursing	245	276	282	291	297	305	310	312
Dental Assistants	123	130	134	138	137	137	136	139
Addenda:								
Total Civilian Employment	90,546	94,373	96,946	97,270	97,343	97,791	98,192	98,313
Health Occupations As A Percentage of Total Employment	4.9%	4.9%	5.0%	5.2%	5.2%	5.2%	5.3%	5.3%

* Includes approximately 30,000 veterinarians

Based on Household (C.P.S.) data, Bureau of Labor Statistics (U.S. Department of Labor)

Section E. National Economic Indicators

To put health-related economic trends into perspective, this section shifts focus to discuss national indicators of output, employment, and inflation.

Output and Income.

The Gross National Product (GNP), the most widely-used measure of the nation's output, was $2.9 trillion during calendar year 1981, up 11.4 percent from the previous year (Tables E-1 and E-2). However, over nine percent of the growth was due to price inflation: after adjusting the GNP for inflation[9/], growth was reduced to 2.0 percent, compared to a decline of 0.2 percent between calendar years 1979 and 1980. In real terms, moderate growth in personal consumption expenditures and Federal purchases of goods and services, plus an increase in business' inventory holdings, offset declines in State and local government purchases and in net exports.

In calendar year 1981, personal income and saving grew at rates consistent with recent trends:

Personal income was up 11.3 percent;

Disposable personal income 10/ rose 10.7 percent; and

5.3 percent of disposable personal income was saved rather than spent, a decline of one-third of a percentage point from calendar year 1980.

9/ The result of adjusting the GNP for price inflation is called "real GNP" or "constant-dollar GNP."

10/ Disposable personal income, a measure of purchasing power, is defined as income after tax and nontax payments to government.

Employment, Unemployment, and Earnings

Measures of total employment and unemployment reflected the tenuous expansion of the economy. During calendar year 1981, the unemployment rate for all workers averaged 7.6 percent, half a percentage point higher than in the previous year. Total employment in the private nonfarm economy rose 1.6 percent and average hourly earnings increased 8.9 percent. The average workweek dropped slightly, to 35.2 hours (cf. Section D).

Prices

Most measures of price inflation showed moderating growth through 1981:

The GNP fixed-weight price index, the most comprehensive measure, was 9.4 percent higher than in the previous year; the GNP implicit price deflator, which includes the effects of changes in the composition of output, rose 9.2 percent;

The Consumer Price Index for all items and all urban consumers showed an increase of 10.4 percent, with high but declining growth in energy and shelter prices (cf. Section C); and

Growth of the Producer Price Index for finished consumer goods, considered to be causally related to the commodity part of consumer price inflation, slowed to a rate of 9.0 percent.

For a more detailed analysis of the business situation and for estimates of quarterly GNP, see the **Survey of Current Business.** Producer Price Indexes are discussed in **Producer Prices and Price Indexes,** and consumer prices are discussed in Section C of **Trends.**

FIGURE 6

Indicators of National Economic Activity:
Year-to-Year Percentage Change in Twelve-Month Moving Averages

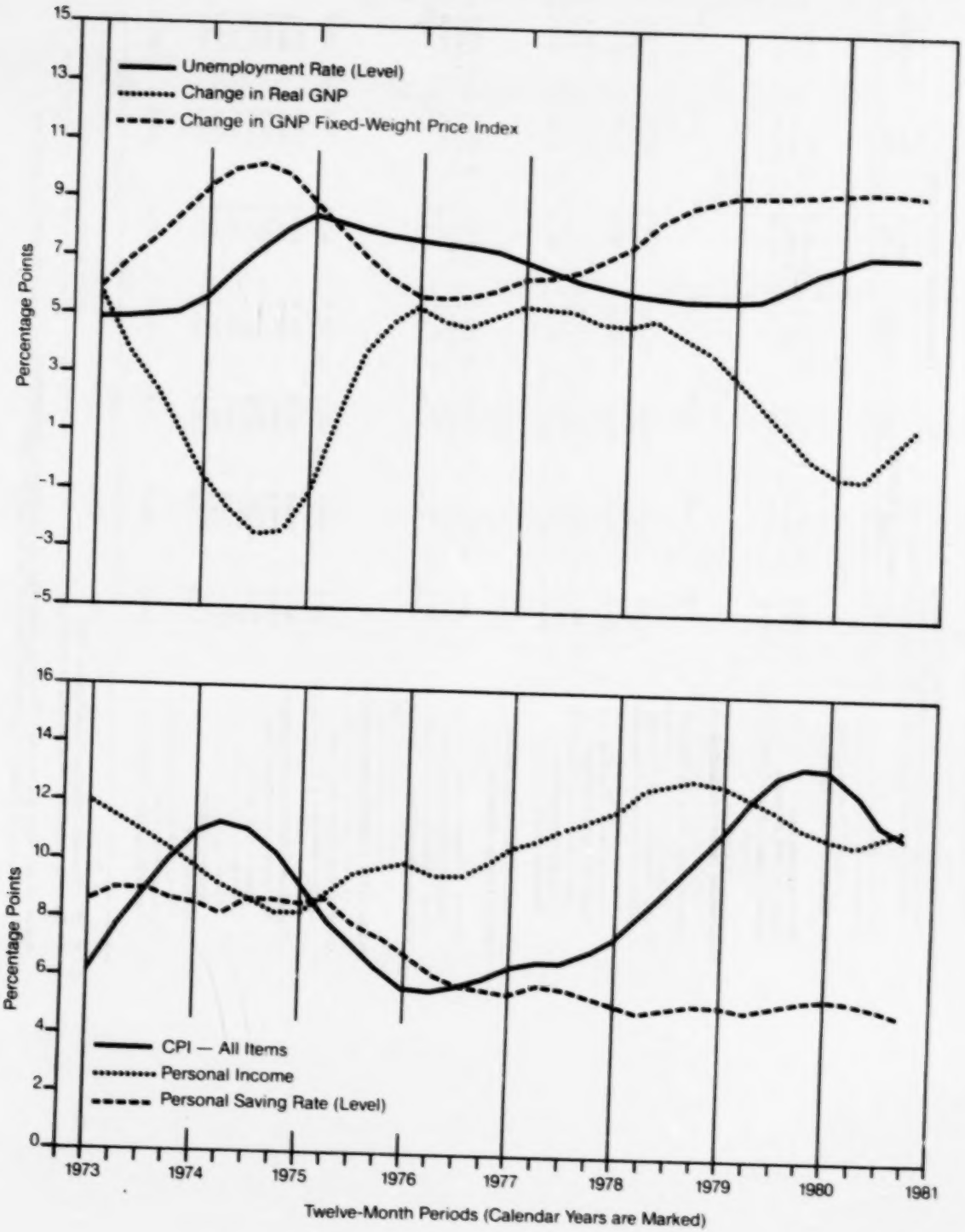

Chart shows data through September 1981 fiscal year.

Table E-1. Selected National Economic Indicators

	Twelve-month Period Ending							
	December				March	June	September	December
	1977	1978	1979	1980	1981	1981	1981	1981
Gross National Product (GNP)								
Billions of Dollars	$1,918.0	$2,156.1	$2,413.9	$2,626.1	$2,696.4	$2,776.7	$2,858.6	$2,924.8
Billions of 1972 Dollars	1,371.7	1,436.9	1,483.0	1,480.7	1,484.3	1,496.1	1,507.1	1,510.1
Implicit Price Deflator (1972 = 100.0)	139.83	150.05	162.77	177.36	181.66	185.60	189.68	193.69
Employment, Hours and Earnings								
Unemployment Rate, All Workers	7.0%	6.0%	5.8%	7.1%	7.4%	7.4%	7.4%	7.6%
Private Nonagricultural Workers:								
Total Employment (thousands)	67,344	71,027	73,876	74,316	74,415	74,755	75,241	75,488
Average Weekly Hours	36.0	35.8	35.7	35.3	35.3	35.3	35.3	35.2
Average Hourly Earnings	$5.25	$5.69	$6.16	$6.66	$6.81	$6.96	$7.11	$7.25
Health Services * Workers:								
Total Employment (thousands)	4,583.9	4,791.6	4,992.8	5,271.6	5,337.9	5,404.3	5,470.6	5,534.5
Average Weekly Hours	33.0	33.0	33.0	32.8	32.9	32.9	32.9	32.8
Average Hourly Earnings	$4.40	$4.76	$5.17	$5.68	$5.84	$5.99	$6.16	$6.33
Personal Income and Saving								
Income (billions)	$1,538.0	$1,721.8	$1,943.8	$2,160.2	$2,218.1	$2,281.6	$2,346.5	$2,404.0
Disposable Income	1,311.5	1,462.9	1,641.7	1,821.7	1,867.4	1,917.7	1,968.1	2,015.8
Saving (billions)	74.1	76.4	86.2	101.3	102.0	101.1	100.0	107.3
Personal Saving Rate	5.6%	5.2%	5.3%	5.6%	5.5%	5.3%	5.1%	5.3%
Prices (1967 = 100.0 Unless Noted)								
GNP Fixed-weight Price Index (1972 = 100.0)	142.1	152.9	167.3	183.3	187.6	191.8	196.2	200.5
Consumer Price Index, All Items	181.5	195.4	217.4	246.8	253.4	259.4	266.2	272.4
All Items Less Medical Care	180.3	194.0	216.1	245.5	252.1	258.1	264.8	270.9
Apparel and Upkeep	154.2	159.6	166.6	178.4	180.8	183.0	185.2	186.9
Energy	207.3	220.4	275.9	361.1	374.8	386.9	398.4	410.0
Food	192.2	211.4	234.5	254.6	260.9	266.5	271.3	274.6
Housing: Shelter	191.1	210.4	239.7	281.7	290.0	296.8	306.5	314.7
Medical Care	202.4	219.4	239.7	265.9	272.1	278.6	286.2	294.5
Producer Price Index **, Finished Consumer Goods	180.7	194.9	217.9	248.9	255.4	262.0	267.0	271.2

* 1972 Standard Industrial Classification (SIC)
** formerly called the "Wholesale Price Index"

Based on data from the Bureau of Economic Analysis (U.S. Department of Commerce) and from the Bureau of Labor Statistics (U.S. Department of Labor)

Table E-2. Annual Percentage Change in Selected National Economic Indicators

	Twelve-month Period Ending							
	December				March	June	September	December
	1977	1978	1979	1980	1981	1981	1981	1981
Gross National Product (GNP)								
Current Dollars	11.6	12.4	12.0	8.8	9.1	10.2	11.3	11.4
Constant (1972) Dollars	5.5	4.8	3.2	-.2	-.3	.7	1.7	2.0
Implicit Price Deflator	5.8	7.3	8.5	9.0	9.4	9.5	9.5	9.2
Employment, Hours and Earnings								
Unemployment Rate, All Workers	-.7*	-1.0*	-.2*	1.3*	1.5*	1.1*	.6*	.5*
Private Nonagricultural Workers:								
Total Number of Employees	4.4	5.5	4.0	.6	.2	.6	1.3	1.6
Average Weekly Hours	-.3	-.6	-.3	-1.1	-.8	-.6	.0	-.3
Average Hourly Earnings	8.0	8.4	8.3	8.1	8.6	8.9	9.0	8.9
Health Services ** Workers:								
Total Number of Employees	5.4	4.5	4.2	5.6	5.5	5.4	5.2	5.0
Average Weekly Hours	-.6	.0	.0	-.6	.0	.0	.0	.0
Average Hourly Earnings	7.1	8.2	8.6	9.9	10.6	10.9	11.2	11.4
Personal Income and Saving								
Income	10.6	11.9	12.9	11.1	10.9	11.2	11.5	11.3
Disposable Income	9.8	11.5	12.2	11.0	10.6	10.8	10.9	10.7
Saving	-10.2	3.1	12.9	17.6	17.5	10.4	3.0	5.9
Personal Saving Rate	-1.3*	-.4*	.1*	.3*	.4*	.0*	-.4*	-.3*
Prices								
GNP Fixed-weight Price Index	6.4	7.6	9.4	9.6	9.6	9.5	9.5	9.4
Consumer Price Index, All Items	6.5	7.7	11.3	13.5	12.7	11.5	11.1	10.4
All Items Less Medical Care	6.2	7.6	11.4	13.6	12.8	11.6	11.1	10.3
Apparel and Upkeep	4.5	3.5	4.4	7.1	6.8	6.3	5.6	4.8
Energy	9.5	6.3	25.2	30.9	23.9	18.0	15.0	13.5
Food	6.3	10.0	10.9	8.6	9.2	9.6	9.2	7.9
Housing: Shelter	6.8	10.1	13.9	17.5	15.9	13.3	12.7	11.7
Medical Care	9.6	8.4	9.3	10.9	10.7	10.2	10.3	10.8
Producer Price Index ***, Finished Consumer Goods	6.5	7.9	11.8	14.2	13.2	12.3	10.5	9.0

* absolute change, rather than percentage change
** 1972 Standard Industrial Classification (SIC)
*** formerly called the "Wholesale Price Index"

Based on data from the Bureau of Economic Analysis (U.S. Department of Commerce) and from the Bureau of Labor Statistics (U.S. Department of Labor)

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Appendix
Contacts for further information

Under the general supervision of Charles Fisher, Acting Director, the following members of the Division of National Cost Estimates (Bureau of Data Management and Strategy; Health Care Financing Administration) have contributed to the estimates shown in this publication. They are listed by the specific type of service or source of funds for which they provided information.

Members of the Division of National Cost Estimates may be contacted at this address:

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Nursing-home care	... Carol Schendler	(202) 245-6594
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	Carol Schendler	(202) 245-6594
National Nursing Home Input Price Index	... Charles Fisher	(202) 245-6594
	Carol Schendler	(202) 245-6594
Other sections of Trends, general, or not listed	... Daniel Waldo	(202) 245-7203

For information outside the scope of **Trends**, see the following.

National Hospital Panel Survey
Monthly data are published with a three- to four-month lag in **Hospitals J.A.H.A.**

contact ... Peter Kralovec,
AHA Hospital
Data Center (312) 280-6523

Consumer Price Indexes

Monthly data are released around the 25th of the following month, and published in the **CPI Detailed Report.**

contact ... BLS Division
of Consumer Prices
and Price Indexes (202) 272-5160

Producer Price Indexes

Monthly data are released on the first Friday of the following month, and are revised four months later. They are published in **Producer Prices and Price Indexes.**

contact ... BLS Division
of Industrial Prices
and Price Indexes (202) 523-1222

Employment and unemployment (CPS or Household data)

Monthly data are released on the first Friday of the following month, and published in **Employment and Earnings.** Occupation data are published in the January issue.

contact ... BLS Office of
Current Employment
Analysis (202) 523-1944

Employment, hours and earnings (Establishment or 790 data)

Monthly data are released on the first Friday of the following month, and are revised in two subsequent months and early in the fall. They are published in **Employment and Earnings.**

contact ... BLS Division of
Industry Employment
Statistics (202) 523-1146

Gross National Product

Quarterly data are released around the 20th of the month following the end of the quarter, and are revised in two subsequent months and in July. They are published in **The Survey of Current Business.**

contact ... BEA National Income
and Wealth Division (202) 523-0824

Medicare and Medicaid data

Availability of data varies with the type of data requested.

contact ... BDMS Statistical
Information Services
Branch (301) 594-6702

Abbreviations:

AHA -- American Hospital Association
BEA -- Bureau of Economic Analysis, U.S. Department of Commerce
BLS -- Bureau of Labor Statistics, U.S. Department of Labor
BDMS -- Bureau of Data Management and Strategy; Health Care Financing Administration (U.S. Department of Health and Human Services)

Health Care
Financing
Trends

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For further information about the data or descriptions contained in **Health Care Financing Trends,** see the appendix contained herein.

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